

Message Text

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PAGE 01 ROME 11116 151503Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 DODE-00 PM-05 H-02 L-03 PA-02 /115 W
-----075523 160707Z /14

R 151413Z JUN 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 3580

UNCLAS ROME 11116

E.O. 11652 N/A
TAGS: EFIN, IT
SUBJ: PANDOLFI ON ECONOMY

1. TREASURY MINISTER PANDOLFI PUBLICLY UNDERLINED THE HARD CHOICES THAT HAVE TO BE MADE TO CORRECT SOME OF THE STRUCTURAL AND CONJUNCTURAL PROBLEMS CONFRONTING THE ITALIAN ECONOMY AND WARNED OF ANOTHER "STOP" BEFORE THE END OF THE YEAR SHOULD PRESENT TRENDS CONTINUE. THIS WAS THE MAIN THEME OF HIS SPEECH TO THE ANNUAL MEETING OF THE INDUSTRIALISTS' ASSOCIATION OF BERGAMO AND REPORTED PROMINENTLY IN THE FINANCIAL PRESS.

2. PANDOLFO STATED THAT THE "NONINFLATIONARY RECOVERY PROGRAM" BEING PREPARED BY THE GOVERNMENT WOULD ASK SACRIFICES FROM ALL SOCIAL GROUPS, ESPECIALLY IN DEALING WITH THE TWO PRINCIPAL PROBLEMS OF PUBLIC EXPENDITURES AND LABOR COSTS. HE STRESSED THAT AUTOMATIC INCREASES IN PUBLIC SPENDING UNDER VARIOUS LAWS MEANT THAT THE STATE WAS NO LONGER IN A POSITION TO CONTROL TRANSFERS TO THE PENSION SYSTEM, HEALTH CARE UNITS, THE REGIONS AND ALL OTHER ENTITIES ENTITLED TO AUTOMATIC TRANSFERS. THE PROCESS HAD REACHED A POINT WHERE EVEN THE INTEREST ON THE PUBLIC DEBT (12,000 BILLION LIRE)
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EXCEEDED THE STATE'S PERSONNEL EXPENDITURES. AMONG OTHER DATA CITED, HE POINTED OUT THAT THE CREDIT TO TREASURY TO FINANCE THE ENLARGED PUBLIC SECTOR DEFICIT HAD GONE FROM 21,000 BILLION LIRE IN 1977 TO MORE THAN 32,000 BILLION LIRE IN 1978 WITH INDICATIONS OF A SIMILAR INCREASE IN 1979.HOLMES

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, SPEECHES, FINANCIAL TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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ISecure: 1
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Litigation Codes:
Litigation History:
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TAGS: EFIN, IT
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